GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

STARRED QUESTION NO:255
ANSWERED ON:03.12.2007
CREDIT LINKED CAPITAL AND INTEREST REIMBURSEMENT SCHEME
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Will the Minister of TEXTILES be pleased to state:

(a) whether the Government proposes to introduce a Credit Linked Capital and Interest Reimbursement Scheme for Textile Sector in the country;

(b) if so, the details thereof;

(c) whether the Government has received the recommendations of a working group in this regard;

(d) if so, the details thereof and the action taken by the Government thereon;

(e) whether the Government proposes to extend the Technology Upgradation Fund Scheme to Textile Machinery Sector also; and

(f) if so, the details thereof?

Answer

MINISTER OF TEXTILES (SHRI SHANKERSINH VAGHELA)

(a) & (f): A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (f) of the Lok Sabha Starred Question No.255 for 3.12.2007.

(a) & (b): A credit linked capital and interest reimbursement scheme for textile sector, namely the Technology Upgradation Fund Scheme (TUFS), is already in operation in the country since April, 1999. The major benefits available under this Scheme are as follows:-

(i) The Scheme provides interest reimbursement on spinning machinery @ 4%. However, all the remaining sub-sectors covered under the scheme get interest reimbursement @ 5%.

(ii) The Scheme also provides coverage for foreign exchange rate fluctuation not exceeding 5%. However, for the spinning machinery the coverage is 4%.

(iii) The Scheme provides an additional option to the powerlooms units to avail of 20% Margin Money subsidy under TUFS in lieu of 5% interest reimbursement on investment in TUF compatible specified machinery subject to a capital ceiling of Rs. 200 lakh and ceiling on subsidy Rs.20 lakh.

(iv) The Scheme provides 15% Margin Money subsidy for SSI textile and jute sector in lieu of 5% interest reimbursement on investment in TUF compatible specified machinery subject to a capital ceiling of Rs. 200 lakh and ceiling on subsidy Rs.15 lakh.

(v) The Scheme provides 5% interest reimbursement plus 10% capital subsidy for specified processing machinery, garmenting machinery and machinery required in manufacture of technical textiles.

(vi) The Scheme provides 25% capital subsidy on purchase of the new machinery and equipments for the pre-loom & post-loom operations, handlooms/up-gradation of handlooms and testing & Quality Control equipments, for handloom production units.

(c) & (d): The working Group on Textiles & Jute Industry for the Eleventh Five Year Plan (2007-2012) has recommended for extension of TUFS in the Eleventh Plan Period. The Government has extended the Scheme for the entire period of the Eleventh Plan.

(e): No, sir.

(f): Does not arise.